



Week 4, 2018

Tea Market Report 22 – 26 January 2018

This week's reduced offerings of 168k packages in Mombasa met improved demand, only 9% came out. Resulting in a bullish affair with most teas gaining. The December crop figure was published and again better than last year, reducing the year on year crop deficit to 33 mln kgs. However exports reduced by 23%, Pakistan, Egypt & UK remain the largest export destinations of Kenya tea. Despite increasing prices, demand remains firm. On the supply side the weather conditions are normal for the time of the year, generally dry with occasional showers. These weather conditions aren't favourable for growing tea, resulting in reducing auction quantities week by week. In Malawi the opposite is taking place, auction quantities are increasing week by week but the scale is so small these increases are almost immaterial. Producers continue to show their preference for selling teas privately. This has resulted in firm to dearer rates for most teas on offer in the auction. Tea growing areas have received a fair amount of rain which should support an improving leaf intake with all factories running full swing.

The Colombo auction continued where it left off last week. With excellent demand from Turkey, Russia & Iraq, another strong trading session took place this week. This strong demand was also caused by the prospect of smaller auction quantities ahead. Rumours go around about the January crop being the lowest in the past 6 years. Current weather conditions are still bright and dry with low temperatures during the night in the HG areas.

Fair demand in Jakarta was leading to the relatively low absorption rate of 83%. Especially West Java orthodox teas were taken out by the broker due to the high price limits set by the PTPN. Other Java/Sumatra orthodox teas traded steady to firm whilst Java CTC teas traded firm to dearer. The weather conditions haven't changed with cloudy weather and moderate rains throughout the week. The lack of sunshine is stalling crop from improving. Most auctions in South India met fair demand. The mostly cloudy weather conditions are seasonally normal, crop intake remains low. In Vietnam the weather is changing to early spring weather with temperatures going up to 27 degrees Celsius. The first buds on the tea bushes are visible and if the cold weather stays away, we could expect an early and very welcome start of the spring season. Most tea warehouses are empty, but demand remains strong.

"I only hope that we don't lose sight of one thing – that it was all started by a mouse." – Walt Disney

Crop figures (in m.kgs)

	Nov-17	Nov-16	Jan/Nov 17	Jan/Nov 16
India	118.9	128.9	1,209	1,203
	Dec-17	Dec-16	Jan/Dec 17	Jan/Dec 16
Malawi	5.7	5.6	45.6	43.1
Kenya	47.5	45.1	439.9	473
Sri Lanka	23.5	27.18	307.1	292.6

Upcoming auction quantities (pkgs)

	Week 5	Week 6	Week 7
Mombasa	162,534	154,010	147,963
Blantyre	1,700	2,840	N/A
Colombo	7.25 m.kg	6.40 m.kg	N/A
Jakarta	16,120	N/A	N/A
Kolkata	129,538	95,935	N/A
Guwahati	144,156	N/A	N/A

KENYA

Auction – Improved general demand. Best BP1 sold irregularly steady with select lines firm to dearer, below best steady to 5cts easier, good mediums firm to over 20cts dearer, mediums 20cts easier, and plainer types 8cts easier. PF1 sold firm to dearer, below best 10cts, good mediums 8cts, mediums 7cts, and plainer types irregularly steady. Best PD sold firm to 5cts dearer, below best 7cts dearer, good mediums steady, mediums firm to 5cts dearer, and plainer types sold firm to 10cts dearer. Best D1 sold firm to dearer, below best firm, good mediums firm to 5cts dearer, mediums firm to 5cts dearer, and plainer types firm to 8cts dearer.

Demand – There was strong and dominant activity from Pakistan packers while Egypt, Sudan, Yemen and Bazaar were more active. Activity from Afghanistan, UK, Russia and Kazak was maintained but Somalia and Iran were slower.

Weather – East of Rift: Hot and dry with just a trace of rain in some areas. Crop reducing. West of Rift: Warm sunny conditions with maintained crop. Some rainfall in Sotik with warm temperatures. Crop reducing.

MALAWI

Auction – Good general demand. No BP1 on offer. PF1sc met fairly good demand, firm to 1cts dearer. PF1 Seedling met very good demand, firm to 3cts up. Two lots of PF on offer sold 3 and 4cts dearer. PD sold firm to dearer. Offgrade fannings sold firm, and offgrade dust gained 6cts.



Weather – Partly cloudy, warm to hot during the day. Dry weather conditions prevailed over most parts of the country with very isolated cases of thundery showers. Zooming onto the major tea districts, it is a relief to report that good rains were received in the first half of last week. Thyolo averaged 54.8mm to 67mm total for the week while Mulanje averaged between 53 to 143mm. Crop intakes continue improving and most estates are running at full throttle once again.

SRI LANKA

Auction – Fair general demand. HG – Western BOP and BOPF better sorts eased 15-20cts, others 10-15cts easier. N. Eliya BOP/BOPF eased 30cts. Uva/Udapussellewa BOP firm, BOPF firm to 10cts easier. LG – OP1 select best and below best firm, best and bottom 10cts dearer. BOP1 dearer, select best 15cts, best 5-10cts, below best 5cts, and bottom 10-15cts. OP select best and best firm, below best up 5-10cts, bottom up 15-20cts. OPA select best eased 10cts, best up 5-10cts, below best up 10cts, and bottom up 15-20cts. Pekoe 1 select best firm, best 5-10cts dearer, below best 10cts dearer, bottom 5cts up. Pekoe gained 10cts while the select best FBOP eased 5-10 cts. Other FBOPs gained 5-20cts. FF1 & FF traded firm to 5-10cts dearer. BOP/BOPF gained 5-10cts, tippies/specials gained 5cts. Off grade – All off grades traded firm up to 15cts dearer with BOP1A below best & bottom even gaining 20-25cts. Dust – HG dust traded all round 10-15cts easier. Secondaries & Low Grown dust traded firm to 10cts dearer.

Demand – Again demand from Turkey was very strong, with Russia very active and Iraq showing excellent demand. There was less demand from Dubai traders, Libya, Japan & North America. S. Arabia, Hong Kong & Syria were active with Iran showing moderate demand.

Weather – Western/Uva Region experienced bright weather whilst Nuwara Eliya/Udapussellawa Region had bright weather with cold nights. Low Grown - Both Ruhuna and Sabaragamuwa reported bright weather.

INDONESIA

Auction – There was fair demand for 12,580 packages with 17% remaining unsold especially for various West Java RA BOPI/BOP/PF/BT the broker's limit remain too high. Java /Sumatra Orthodox were selling at steady to firm except for secondary grades BT2/PF2. Java CTC was selling mostly at firm to dearer levels.

Weather – Java: Continued to last week cloudy and lack of sunshine with moderate rain reported in most planting districts. Cold and windy during the night with temperature drop in West/Central region. Sumatra: Irregular showers were reported in West/North/South Sumatra.

BANGLADESH

Auction – Fair demand for the 45,737 packages on offer, which met slightly easier rates. Dust met fair demand at easier rates. Next sale has 45,106 packages on offer.

INDIA

Kolkata

Auction – No report received.

Guwahati

Auction – No report received.

Siliguri

Auction – No report.

Coonoor

Auction – CTC LEAF teas met strong demand. The best and good liquoring varieties were irregular with quality. The medium and plainer teas were generally dearer by 2 – 4c. Well-made black orthodox leaf sorts were firm to dearer while the stalkier kinds traded irregular. Ctc dust met good demand. All sorts were generally firm to dearer, except the best liquoring varieties and a few browner sorts in the plainer category. Orthodox dust - primary BOPD's sold at premium levels. The remainder was irregular around last.

Coimbatore

Auction – CTC and dust met fair demand. Well made leaf teas traded sideways, mediums fully firm to dearer while plainer types traded easier. Good liquoring dust types traded barely steady, mediums sideways and plainer types irregular.

Cochin

Auction – Good demand for dust. Best category teas and popular marks sold lower in line with quality by 3- 5c and more. Resistance on finer dusts saw fair withdrawals. Select liquoring clean leaf appearance mediums firm to dearer by up to 5c, remainder irregular around last and settled lower. Plainers lower by 3 to 5c and more.

Also orthodox leaf met Good demand. Select best Nilgiri whole Leaf sold in line with quality around last, while the remainder tended lower. Medium whole leaf and Broken followed a similar trend. Poorer secondaries neglected. Fannings firm to dearer. Leaf ctc met fair demand. All varieties eased.

All price movements quoted in USD per kilo.

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